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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000127

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SUBJECT: SHANGHAI SIIS SCHOLARS COMMENT ON POST-ELECTION TAIWAN,
CAUTION AGAINST POTENTIAL MA TRIP TO UNITED STATES

REF: (A) SHANGHAI 118, (B) SHANGHAI 122, (C) SHANGHAI 126

CLASSIFIED BY: Simon Schuchat, Deputy Principal Officer, U.S.
Consulate General, Shanghai, China, Department of State.

REASON: 1.4 (b), (d)

¶1. (C) Summary: On March 28, 2008, Deputy Principal Officer (DPO) met with Yan Anlin, Executive Vice Director of Taiwan Affairs and Cross-Strait Relations, Shanghai Institute for International Studies (SIIS), and Zhang Xihong, Researcher, Taiwan Affairs and Cross-Strait Relations, SIIS to discuss the recent Taiwan presidential election. Yan repeated concerns (ref C) about a possible Ma visit to the United States, stating that U.S.-Taiwan relations could be improved by other means. Yan stated that Ma Ying-jeou's victory was no surprise, but his margin of victory was greater than expected. He attributed this to voters' concerns about the economy, Chen Shui-bian's over-politicization of cross-Strait relations, and Democratic Progressive Party (DPP) candidate Frank Hsieh's lackluster campaign. Although optimistic that overall cross-Strait relations will improve significantly under Ma, Yan cautioned that Ma's victory does not totally resolve all problems in the relationship. End summary.

Election Results

¶2. (C) Yan stated that Ma Ying-jeou's victory in the March 22 Taiwan presidential election was not a surprise; however, the double digit margin of victory was greater than he had expected. Yan attributed this to a combination of factors, the most important being Taiwan voters' concerns about the Taiwan economy. Ma gave voters greater hope for economic improvement, while DPP candidate Frank Hsieh's scare tactics, warning against Taiwan jobs moving to the mainland, did not resonate with voters. Yan believes Ma's wide victory was also attributable to mistakes by the Democratic Progressive Party (DPP), such as its focus on United Nations membership referenda, politicization of cross-Strait relations, and corruption. Another factor contributing to Ma's victory was Hsieh's lackluster campaign performance, which did not present clear policy options and failed to connect with voters. Yan cautioned that expectations

for Ma in Taiwan are now very high, and he will face pressure to show concrete results, especially in the economy, within his first one to two years in office.

Concerns over Potential Ma Trip to United States

13. (C) Yan asked if the United States will approve a visit by Ma to the United States prior to Ma's inauguration. DPO responded that this will be decided in Washington. Yan asserted that Beijing would not be happy if such a visit took place, nor does Ma need to visit the United States in order to improve U.S.-Taiwan relations. This can be achieved through the American Institute in Taiwan or other channels. However, he added that Beijing is still discussing this internally. In Yan's view, Ma should focus on revitalizing the economy and establishing himself in Taiwan rather than making overseas trips.

Relationship Heading in Positive Direction

14. (C) Yan was optimistic that cross-Strait relations will improve significantly once Ma assumes office, and he believes Beijing is relieved by the election results, and by the defeat of the two referendums. However, Ma's election does not instantly resolve all problems in the relationship; both sides must examine ways to eventually achieve a one country, two systems arrangement.

15. (C) Yan emphasized the importance of President Hu Jintao's March 4 speech at the Chinese People's Political Conference (CPPCC), in which he proposed a "Roadmap for Cross-Strait Peaceful Development." Yan believes Ma's thinking is in line with Hu's "Roadmap", but the key is how to actually achieve peaceful development on both sides. Both sides should first

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focus on the economy, and later move on to political reconciliation. Yan observed that the upcoming World Health Assembly is scheduled for May 19, a day before Ma's inauguration. This timing is awkward since the DPP will technically still be in power at that time. However, there are expectations, based on Hu's statement in his speech, that China is prepared to consider the question of Taiwan's "international space," presuming an acceptance of the "one China" principle by Taiwan. Beijing will be very attentive to the content of Ma's inauguration speech on May 20. Yan also expressed concern that the DPP will "cause trouble" for Ma over the next two months between the election and inauguration. He did not elaborate on what "trouble" this might be, but merely joked, "a Chen Shui-bian who doesn't cause trouble isn't really Chen Shui-bian."

16. (C) Yan's colleague Zhang Xihong does not expect any mainland representation at the May 20 inauguration, even by non-official or retired figures. Chinese media will report the event, but will not make any special arrangements to cover it. In addition to widely available Phoenix TV satellite broadcasts, academics who specialize in Taiwan affairs have access to Taiwan TV programming.

Four Direct Flights a Week?

17. (C) The "three links" - direct air flights, direct sea routes, and direct postal service - are a high priority for both sides, but scheduled direct air service between Taiwan and the mainland is still difficult to realize. However, four direct cross-Strait charter flights per week - on Friday, Saturday, Sunday, and Monday - are a real possibility in the near future. Of course, at first it would primarily be Taiwan residents who could make use of these charter flights. Taiwan residents can already obtain travel documents to visit the mainland through travel agents in Taipei (Yan stated that processing time is about one week) or even upon landing at Shanghai, Xiamen, and other mainland airports from Hong Kong, Macau or other intermediate stops. It is still relatively more difficult for

mainland passport holders to travel to Taiwan, since Taiwan does not have a comparable mechanism to process their travel documents to the island. However, this is a technical matter that can be resolved easily if both sides wish to.

Cross-Strait Dialogue

18. (C) According to Yan, Taiwan's Strait Exchange Foundation (SEF) and the PRC's Association for Relations Across the Taiwan Strait (ARATS) will probably be the principal channel for communications between the two sides. Yan was uncertain as to who is likely to become the heads of either of the organizations. On the mainland side, former Foreign Ministers Qian Qichen or Tang Jiaxuan, former Vice Premier Wu Yi, or current State Council Taiwan Affairs Office Director Chen Yunlin are all possibilities. Yan emphasized that Beijing will chose the next head of ARATS without reference to Ma's choice for SEF chair. Furthermore, the ARATS chief will not have to be an expert on Taiwan issues: the most important qualification will be a close relationship with President Hu Jintao.

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